



# U.S. SENATE BANKING COMMITTEE

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**Contact: Jamie Radice  
202-224-0346**

**Statement of Senator Chris Dodd, Chairman of the Senate Banking Committee, on  
the Sudan Accountability and Divestment Act, the Terrorism Risk Insurance  
Program Reauthorization Act of 2007, and the Flood Insurance Reform and  
Modernization Act of 2007**

The Committee will come to order.

The first piece of legislation that the Committee will consider today is the Sudan Accountability and Divestment Act of 2007.

I have a longer statement that I will include in the record, but let me first thank Senator Shelby and my committee colleagues for working with us to refine the Sudan Accountability and Divestment Act of 2007. This legislation provides a legal framework by which state, local governments and other institutions can divest Sudan related investments from their portfolios. I hope we can move forward quickly on this measure critical to those concerned about the suffering of millions of innocent men, women and children in Darfur.

I believe we now have a streamlined bill that enjoys broad bipartisan support. This builds upon the Committee's successful efforts earlier this year to enact legislation to substantially increase penalties for violators of existing US sanctions. That legislation was signed by the President yesterday.

Months ago, US Special Envoy Natsios assured the world that forceful American action to stop the violence in Sudan was "imminent." Two years ago President Bush declared the crimes in Darfur "genocide." We have waited too long. I look forward to getting this bill enacted as soon as possible, and to a day when the people of Darfur can again live free of the grinding, relentless violence and misery under which they have suffered for so long.

Again, I would like to thank my colleagues for their work on this important legislation, particularly Senators Menendez, Brown and Casey who co-chaired a hearing on the issue earlier this month and Sen, Martinez who actively participated in that hearing. I also want to acknowledge the efforts of Senator Durbin and Brownback to advance this issue.

The second piece of legislation we will consider is the Flood Insurance Reform and Modernization Act of 2007.

This legislation reforms and strengthens the National Flood Insurance Program, which currently insures over 5.4 million Americans from flood losses. The bill before us today helps to ensure that the flood insurance program can continue to provide critical insurance coverage and puts the program on stronger financial footing.

I want to thank Senator Shelby for working so closely with me to move this important piece of legislation. I also want to thank Senator Bunning for his work to make sure that this program is fair to policyholders, and Senator Reed for his efforts to strengthen the flood mapping program.

This bill is largely based on the legislation unanimously passed by this Committee last May.

In order to strengthen the financial position of the Flood Program, this bill makes a number of reforms, including phasing out subsidized rates on vacation homes, and those that have had multiple flood losses.

This bill also makes critical changes to the flood mapping program so that flood maps are accurate, updated and readily available. I want to thank Senator Reed for his work on the mapping provisions of this bill.

This is a strong and needed bill which will extend the flood insurance program for 5 years and put it in a financial position to be able to continue to make flood insurance available to those at risk.

The third piece of legislation that we will take up is the Terrorism Risk Insurance Program Reauthorization Act of 2007.

This bill provides for an extension of the Terrorism Risk Insurance Act, known as "TRIA," which expires on December 31 of this year. TRIA is the product of this Committee's hard work over many years, beginning with passage of the original TRIA legislation in 2002 and continuing through its extension in 2005. The bill before us extends TRIA for an additional seven years – which is more than double the duration of the program up until now.

In testimony before the Committee, we heard from a variety of experts about the critical need to extend this Program, which is vital to the economic security and prosperity of our nation. If I can take just a moment to remind my colleagues, after the attacks of September 11, 2001, the market for terrorism insurance in this country virtually disappeared. Businesses could not obtain credit, borrowers could not obtain loans, jobs were at risk, and the economy faced serious instability and dislocation.

Congress responded by creating TRIA, under which the federal government would share the risk of future terrorist attacks with insurers by becoming the backstop against truly catastrophic losses.

And the overwhelming evidence shows that TRIA has worked, very very well. According to several recent studies, terrorism insurance is more widely available and more affordable today than in the aftermath of 9/11, providing certainty and stability to the sectors of our economy that we depend on for our national well-being. And it is important to note, TRIA has cost taxpayers virtually nothing.

In fact, a recent study by the RAND Corporation found that in the case of a terrorist attack, TRIA would actually save taxpayers money. And I quote, "Taxpayer cost is lower with TRIA than without TRIA across a broad range of scenarios when post-attack assistance is factored in, as well."

The need to extend this program is clear. Nearly all of the experts say that the insurance industry alone cannot insure against this risk. As long as the threat of terrorism remains, we must act to ensure that terrorism insurance remains available and affordable.

I want to note that this bill contains two important studies to address serious issues that were raised in the context of the TRIA extension debate. First, there is a mandate for the GAO to study the question of insurance for nuclear, biological, chemical, and radiological terrorist events. Insurance coverage in this area is very limited and in this legislation we require the GAO to make recommendations for expanding such coverage. Second, the GAO is required to study and to report back to the Committee within 6 months on whether there are areas of this country, such as Lower Manhattan, that may have unique capacity constraints when it comes to terrorism insurance, and to make recommendations for addressing those capacity constraints.

By extending the TRIA program for an additional seven years, this bill will address the long-term security needs of our people and our economy. I want to particularly thank Senator Shelby for his work on this legislation, as well as Senators Reed, Bennett, and Schumer, for their work both on this bill and on the original TRIA bill and its extension in 2005.

This legislation is supported by the insurance industry, the policyholder community, organized labor and others. I ask unanimous consent to include in the record letters of support for the legislation.

I would like to now turn to Senator Shelby for his opening statement and then turn to other members of the Committee.